

104TH CONGRESS  
2D SESSION

# H. R. 3332

To amend the Internal Revenue Code of 1986 to increase the child care credit and eliminate the exclusion of certain income of and the special dividends received deduction with respect to foreign sales corporations.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 25, 1996

Ms. MCKINNEY introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the child care credit and eliminate the exclusion of certain income of and the special dividends received deduction with respect to foreign sales corporations.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Middle Class Child  
5       Care Affordability Act of 1996”.

1 **SEC. 2. INCREASE OF CERTAIN LIMITATIONS APPLICABLE**  
2 **TO CHILD CARE CREDIT.**

3 (a) INCREASE OF AMOUNT OF EMPLOYMENT-RELAT-  
4 ED EXPENSES TAKEN INTO ACCOUNT.—Subsection (c) of  
5 section 21 of the Internal Revenue Code of 1986 (relating  
6 to expenses for household and dependent care services nec-  
7 essary for gainful employment) is amended—

8 (1) in paragraph (1), by striking “\$2,400” and  
9 inserting “\$3,600”, and

10 (2) in paragraph (2), by striking “\$4,800” and  
11 inserting “\$5,400”.

12 (b) INCREASE OF AMOUNT AT WHICH PHASE-DOWN  
13 OF PERCENTAGE BEGINS.—Paragraph (2) of section  
14 21(a) of such Code is amended by striking “\$10,000” and  
15 inserting “\$20,000”.

16 (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 1995.

19 **SEC. 3. OFFSET PROVISIONS REGARDING FOREIGN SALES**  
20 **CORPORATIONS.**

21 (a) ELIMINATION OF EXCLUSION.—Section 921 of  
22 the Internal Revenue Code of 1986 (relating to exempt  
23 foreign trade income excluded from gross income) is  
24 amended by adding at the end the following new sub-  
25 section:

1       “(e) TERMINATION.—This section shall not apply to  
2 any taxable year beginning after December 31, 1995.”

3       (b) ELIMINATION OF SPECIAL DIVIDENDS RECEIVED  
4 DEDUCTION.—Section 245 of such Code (relating to divi-  
5 dends received from certain foreign corporations) is  
6 amended by striking subsection (c).

7       (c) EFFECTIVE DATES.—

8           (1) EXCLUSION.—The amendment made by  
9 subsection (a) shall apply to taxable years beginning  
10 after December 31, 1995.

11          (2) DIVIDENDS RECEIVED DEDUCTION.—The  
12 amendment made by subsection (b) shall apply to  
13 dividends distributed out of earnings and profits at-  
14 tributable to taxable years beginning after December  
15 31, 1995.

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